

Message Text

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ACTION STR-08

INFO OCT-01 EUR-25 IO-13 ADP-00 AGR-20 CEA-02 CIAE-00

COME-00 DODE-00 EB-11 FRB-02 H-03 INR-10 INT-08 L-03

LAB-06 NSAE-00 NSC-10 PA-03 RSC-01 AID-20 CIEP-02

SS-15 TAR-02 TRSE-00 USIA-15 PRS-01 OMB-01 EA-11

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R 242147Z AUG 73

FM AMEMBASSY OTTAWA

TO SECSTATE WASHDC 1606

INFO USMISSION GENEVA

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E.O. 11652: N/A

TAGS: ETRD, GATT, CA

SUBJECT: GATT TOKYO MINISTERIAL MEETING ON MULTILATERAL TRADE
NEGOTIATIONS (MTN)

REF: (A) OTTAWA 2015; (B) STATE 159293

1. ECON COUNSELOR CALLED ON DEPARTMENT OF FINANCE ASSISTANT
DEPMIN RODNEY GREY AUGUST 23 FOR HIS VIEWS ON CANADIAN POSITION
ON GATT DRAFT DECLARATION AND TOKYO MINISTERIAL. ROBERT JOYCE,
DIRECTOR OF INTERNATIONAL ECONOMIC RELATIONS AND TRADE POLICY
OF FINANCE DEPARTMENT ALSO PARTICIPATED IN MEETING.

2. GREY IN ESSENCE CHARACTERIZED DRAFT DECLARATION AS MOTHER-
HOOD DOCUMENT, WHICH PRESENTED CANADA WITH NO DIFFICULTIES,
AND TOKYO MINISTERIAL AS "NON-MEETING" SERVING ONLY TO IN-
AUGURATE THE TRADE NEGOTIATIONS CEREMONIALLY. JOYCE EXPRESSED
MORE SKEPTICISM ABOUT MINISTERIAL, NOTING SOME CONCERN THAT
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IF US AND EC MADE MAJOR ISSUE OF BRACKETED LANGUAGE RE

MONETRAY/TRADE LINKAGE IN OPEN SESSION THIS COULD PROVIDE ENCOURAGEMENT FOR LDCS, ESPECIALLY BRAZIL, TO REINTRODUCE INTO DECLARATION A PLETHORA OF REFERENCES TO SPECIAL AND PREFERENTIAL TREATMENT FOR LDCS. CONSEQUENTLY, HE AND GREY EXPRESSED STRONG HOPE US AND EC COULD SETTLE DIFFERENCES QUIETLY AND QUICKLY.

3. GREY THOUGHT THAT SUBSTANTIVE TMN WORK COULD BEING IN JANUARY IN SOME OF AREAS WHERE PRELIMINARY WORK FAR ADVANCED, E.G. STANDARDS, BUT THAT LITTLE SIGNIFICANT MOVEMENT WOULD TAKE PLACE IN TARIFF FIELD, PARTICULARLY BY EC, UNTIL US TRADE LEGISLATION IS IN PLACE.

4. GREY ALSO RHETORICALLY QUESTIONED THE PROSPECTS FOR SUBSTANTIAL TARIFF CUTTING IN MTN, CONSIDERING THAT MOST SIGNIFICANT AND HIGH TARIFFS WERE APPLICABLE TO PROBLEM AREAS -- CONSUMER DURABLES, TEXTILES, AND PETROCHEMICALS IN THE CASE OF CANADA, FOR EXAMPLE. HE SUGGESTED THAT IN SOME INSTANCES, SUCH AS PETROCHEMICALS, ONLY ZERO TARIFFS IN US-CANADIAN TRADE WOULD MAKE SENSE AND THAT SUCH A PROPOSAL WOULD HARDLY AROUSE MORE PROTECTIONIST REACTION THAN A PARTIAL CUT, BUT THAT IT DOUBTFUL GOVERNMENTS WOULD MAKE POLITICAL DECISION TO MOVE SO FAR.

5. REGARDING LDC PREFERENCES, GREY, IN RESPONSE TO QUESTIONING BY ECONCOUNSELOR, SAID CANADIAN GENERALIZED SYSTEM OF PREFERENCES (GSP) AUTHORIZED BY PARLIAMENT BUT IMPLEMENTATION STILL SOME TIME OFF. ONE OF PROBLEMS IN THIS REGARD IS THAT PREFERENCES IF IMPLEMENTED NOW WOULD HAVE TO BE BASED ON TARIFF RATES TEMPORARILY CUT BY CANADIAN GOVERNMENT LAST FEBRUARY AS ANTI-INFLATIONARY MEASURE. (CANADIAN GSP PROVIDES FOR ONE-THIRD CUT FROM MFN AND TEMPORARY RATES ARE CONSIDERED CURRENT MFN RATES.) WHEN (AND IF) THESE RATES ARE RESTORED AT END OF ONE-YEAR AUTHORIZATION PERIOD IN 1974, DUTIES APPLICABLE TO LDCS UNDER GSP WOULD RISE. PSYCHOLOGICALLY THIS WOULD CREATE VERY BAD IMPRESSION IN LDCS AND ELSEWHERE EVEN THOUGH TRADE EFFECTS WOULD NOT BE SUBSTANTIAL. CONSEQUENTLY, CANADA IS IN NO HURRY TO IMPLEMENT GSP AT THIS TIME AND IS NOT BEING PRESSED TO DO SO BY LDCS.

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6. GREY CONFIRMED THAT ITC MINISTER GILLESPIE WILL HEAD CANADIAN DELEGATION. HE WOULD NOT EXPECT ANY OTHER MINISTER TO ATTEND. DECISION ON DEPT. MINISTER PARTICIPATION REMAINS TO BE SORTED OUT BECAUSE OF CANADIAN-JAPANESE MEETING IN TOKYO PRECEDING THE MTN MINISTERIAL. DEPMIN REISMAN OF FINANCE WILL ATTEND CANADIAN-JAPANESE MEETING AND MAY STAY ON FOR GATT MEETING.

JOHNSON

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